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Cassis introduces groundbreaking legislation allowing municipalities to issue bonds to pay for retiree healthcare

LANSING— Senator Nancy Cassis, R-Novi, today announced the introduction of legislation that would enable municipalities in the state to issue bonds that would fully fund retiree healthcare trust funds.

“This legislation will permit counties and municipalities to pre-fund healthcare without increasing taxes,” said Cassis, chair of the Senate Finance Committee. “The bill is the first of its kind in the nation.”

Currently, most municipalities pay healthcare obligations yearly. This proposal would allow those obligations to be pre-funded and provide savings to taxpayers.

Rising costs, including the cost of healthcare for employees and retirees, are forcing municipalities to cut back on essential services. Retiree healthcare benefits are often reduced to help towns and cities meet their budgets.

Cassis’ legislation, known as the Health Care Trust Fund, mandates a county or municipality put in place a number of taxpayer safeguards to reduce risk including a plan to reduce health care costs and an actuarial report to assure financial accountability.

“This change in the Municipal Finance Act will allow local governments to issue bonds at a lower rate than current financing methods available,” said Oakland County Treasurer Pat Dohany. “This will allow these units the ability to continue to provide necessary citizen services while also meeting their retirement benefits commitment to the employees that have provided these services in the past.”

Oakland County Executive L. Brooks Patterson recently said he plans to include in his budget a proposal to issue \$500 million in bonds to pay for county retirees’ healthcare costs.

“Senator Cassis is to be commended for the leadership shown in SB 1360,” Patterson said. “When utilized as part of a comprehensive program designed to control the costs of retiree health care, this legislation will allow responsible governments to meet their obligations to employees in a manner that is fair to taxpayers.”

Cassis has worked closely with Patterson and Dohany in crafting this legislation and both support Senate Bill 1360.

Oakland County Commissioner Bill Bullard also expressed his backing for the bill.

(More)

“Oakland County appreciates Senator Cassis’ introduction of this bill that will enable Oakland County to be the first governmental unit in the country to fully fund its health care obligation to retirees,” Bullard said.

SB 1360 is expected to be referred to the Senate Finance Committee for consideration.

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